

1 3. Following a rating examination of WAIC as of May 21, 1993, the Director
2 entered a Consent Order, Docket No. 8498, which was filed on August 5, 1994 (the
3 "1994 Order"). In pertinent part, the 1994 Order stated as follows:

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5 "Respondent shall develop and document CP premium in accordance with
6 ER and SR plans...apply applicable...increase limit factors...classify risks only
pursuant to filed rates and rules..."

7 4. The Examiners reviewed 104 personal lines and 58 commercial package
8 policies underwritten by the Company during the time frame of the examination and
9 found that WAIC failed to adhere to its filings and not apply its general liability and
10 automobile liability loss cost multipliers (LCM) to the increase limit factors (ILF) on 36
11 commercial policies. As a result of the Company's improper premium determination,
12 31 policyholders were overcharged \$13,468.00.

13 5. The Examiners reviewed 99 personal lines and 51 commercial policies
14 that were canceled or nonrenewed by the Company during the time frame of the
15 examination and found that WAIC failed to provide evidence that 14 Notices of
16 Nonrenewal were sent by certificate of mailing.

17 6. The Examiners reviewed 50 closed without payment claims, 101 closed
18 with payment claims, 20 litigation claims, 55 subrogation claims, and 55 first party and
19 20 third party automobile total loss settlements processed by the Company during the
20 time frame of the examination and found that WAIC failed to treat all claimants in a fair
21 and equitable manner by not including all applicable sale taxes and license fees in the
22 settlement of 17 first-party and three third-party automobile total losses. The Company
23 refunded \$1,158.00, plus \$190.60 interest, to all of the affected claimants prior to the
24 conclusion of the examination.

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5. Grounds exist for the entry of the following Order, in accordance with A.R.S. §§ 20-220 and 20-20-456.

IT IS HEREBY ORDERED THAT:

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1 2. Within 90 days of the filed date of this Order, WAIC shall submit to the
2 Department, for approval, evidence that corrections have been implemented and
3 communicated to the appropriate personnel regarding all of the items mentioned in
4 Paragraph 1 of the Order section of this Consent Order. Evidence of corrective action
5 and communication thereof includes, but is not limited to memos, bulletins, E-mails,
6 correspondence, procedure manuals, print screens and training materials.

7 3. Within 90 days of the filed date of this Order, WAIC shall refund
8 \$13,468.00, plus interest at the rate of ten percent per annum, to the insureds and
9 claimants listed in Exhibit A of this Order. Interest shall be calculated from the date of
10 the payment to the date of the refund.

11 4. Each payment made pursuant to paragraph 3 above, shall include a letter
12 of explanation to the insured or claimants in a form that has been previously approved
13 by the Director. A list of payments, giving the name, address and zip code of each
14 party paid, refund amount, and the date of payment shall be provided to the
15 Department within 90 days of the filed date of this Order.

16 5. The Department shall be permitted, through authorized representatives, to
17 verify that WAIC has complied with all provisions of this Order.

18 6. WAIC shall pay a civil penalty of \$6,000.00 to the Director for deposit in
19 the State General Fund in accordance with A.R.S. §§20-220(B) and 20-456. This civil
20 penalty shall be provided to the Market Conduct Examinations Section of the
21 Department prior to the filing of this Order.

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7. The Report of Examination of the Market Conduct Affairs of Western Agricultural Insurance Company dated July 11, 2001, including the letter submitted in response to the Report of Examination, shall be filed with the Department after the Director has filed this Order.

DATED at Phoenix, Arizona this 11 day of December, 2001.


Charles R. Cohen
Director of Insurance

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EXHIBIT A

POLICY NUMBER	EFFECTIVE DATE	AMOUNT DUE INSURED
81713301	3/31/99	\$1,604.00
81713301	3/31/00	\$1,508.00
86906701	4/11/99	\$351.00
86906701	4/11/00	\$469.00
87071501	10/28/99	\$776.00
87218301	10/22/99	\$116.00
87288801	5/31/99	\$617.00
87288801	5/31/00	\$862.00
87389901	10/24/99	\$627.00
87528001	2/05/99	\$413.00
87528001	2/05/00	\$509.00
87697901	7/16/99	\$68.00
87808801	9/23/99	\$179.00
87956101	10/25/99	\$52.00
88098201	11/04/99	\$64.00
88293501	6/08/99	\$332.00
88293501	6/08/00	\$238.00
88415901	9/30/99	\$120.00
88667501	7/20/99	\$225.00
88667501	7/20/00	\$228.00
88723801	10/01/99	\$234.00
88750001	11/09/99	\$167.00
U7288801	5/31/99	\$146.00
U7288801	5/31/00	\$67.00
U7528001	2/05/99	\$23.00
U7528001	2/05/00	\$18.00
87528001	2/05/00	\$309.00
81713301	3/31/99	\$2,568.00
81713301	3/31/00	\$19.00
88415901	9/30/99	\$193.00
88415901	9/30/00	\$366.00
TOTAL		\$13,468.00

CONSENT TO ORDER

1. Western Agricultural Insurance Company has reviewed the foregoing Order.

2. Western Agricultural Insurance Company admits the jurisdiction of the Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the entry of the Conclusions of Law and Order.

3. Western Agricultural Insurance Company is aware of its right to a hearing, at which it may be represented by counsel, present evidence and cross-examine witnesses. Western Agricultural Insurance Company irrevocably waives its right to such notice and hearing and to any court appeals related to this Order.

4. Western Agricultural Insurance Company states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

5. Western Agricultural Insurance Company acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely to settle this matter against it and does not preclude any other agency or officer of this state or its subdivisions or any other person from any other civil or criminal proceedings, whether civil, criminal, or administrative, as may be appropriate now or in the future.

6. Barbara S. Moore, who holds the office of Vice President of Western Agricultural Insurance Company, is authorized to enter into this Order for it and on its behalf.

WESTERN AGRICULTURAL INSURANCE COMPANY

12/20/2001
Date

By: Barbara S. Moore

1 **COPY of the foregoing mailed/delivered**

2 This 28th day of December 2001, to:

3
4 Sara Begley

Deputy Director

5 Mary Butterfield

Assistant Director

6 Consumer Affairs Division

Paul J. Hogan

7 Chief Market Conduct Examiner

Market Conduct Examinations Section

8 Deloris E. Williamson

Assistant Director

9 Rates & Regulations Division

10 Steve Ferguson

Assistant Director

11 Financial Affairs Division

Nancy Howse

12 Chief Financial Examiner

Alexandra Shafer

13 Assistant Director

Life & Health Division

14 Terry Cooper

Fraud Unit Chief

15
16
17 DEPARTMENT OF INSURANCE

2910 North 44th Street, Second Floor

18 Phoenix, AZ 85018

19
20 Barbara J. Moore, Vice President

Western Agricultural Insurance Company

21 3401 E. Elwood Street

22 Phoenix, AZ 85040-1625

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